

(Draft – Awaiting Approval)

**MINUTES OF THE
RETIREMENT WORKING GROUP**

Wednesday, October 28, 2015 – 9:00 A.M. – Room 20 House Building

Members Present:

Sen. Todd Weiler, Senate Chair
Rep. Rich Cunningham, House Chair
Sen. Karen Mayne
Rep. Eric Hutchings
Rep. Rep. Kraig Powell

Members Absent:

Sen. Aaron Osmond
Rep. Brad King

Staff Present:

Mr. Benjamin N. Christensen, Policy Analyst
Ms. Shannon Halverson, Associate General Counsel
Ms. Katie LeFevre, Legislative Assistant

Note: A list of others present, a copy of related materials, and an audio recording of the meeting can be found at www.le.utah.gov.

1. Working Group Business

Chair Cunningham called the meeting to order at 9:16 a.m. Sen. Osmond and Rep. King were excused from the meeting.

MOTION: Sen. Mayne moved to approve the minutes of the September 24, 2015, meeting. The motion passed unanimously.

2. Postretirement Employment Restrictions Draft Legislation

Mr. Christensen gave an overview of draft legislation "Postretirement Employment Restrictions" (2016FL-0402/005). He explained that draft legislation "Postretirement Employment Restrictions" would give all retirees in Utah Retirement Systems a 60-day employment separation, if the retiree is reemployed by a different agency and does not receive any retirement related benefits or contributions. He said that the cost estimate of this option is \$25.7 million per year. He explained that the cost increase would be reflected in contribution rates.

Mr. Christensen explained that draft legislation "Postretirement Employment Restrictions" is in conflict with and would repeal the \$15,000 earnings limitation provision in the draft legislation "Postretirement Reemployment Amendments" (2016FL-0605/006). Mr. Christensen answered questions from the working group regarding the retirement policy prior to the 2010 retirement reforms. He said that prior to the 2010 retirement reforms, the provision required a six month employment separation.

Mr. Dee S Larsen, Legal Counsel, Utah Retirement Systems, and Mr. Daniel D. Andersen, Executive Director, Utah Retirement Systems, explained that the retirement benefits in draft legislation "Postretirement Employment Restrictions" are similar to the pre-2010 retirement reforms and some provisions are the same. Mr. Larsen discussed the preliminary actuarial analysis of the proposed legislation. Mr. Andersen and Mr. Larsen answered questions from the working group.

Mr. Christensen explained that draft legislation "Postretirement Employment Exceptions" (2016FL-0573/004) allows the 60-day employment separation for retiring public safety officers, firefighters, and educators. He said that this restriction reduces the fiscal impact to \$17.6 million per year.

Mr. Christensen explained that draft legislation "Postretirement Employment Rural and Title I School Exceptions" (2016FL-0572/007) allows a 60-day employment separation for reemployment in a rural county, small city or town, or Title I school. He clarified that the county's population must be less than 45,000 and a municipality must have a population of less than 10,000 to be eligible for the 60-day employment separation. He said that reemployment in a Title I school can be in any county or municipality.

Mr. Christensen explained that draft legislation "Postretirement Reemployment Amendments" (2016FL-0605/006) increases the earnings limitation from \$15,000 to \$20,000 for retirees who return to work after the current one year employment separation.

Chair Cunningham explained that the fiscal impact of draft legislation "Postretirement Reemployment Amendments" is \$1.2 million per year.

Mr. Kory Holdaway, member of the public and retired public employee, encouraged the working group to consider how compensation influences retirement.

Mr. Jay Blain, Director of Policy and Research, Utah Education Association, clarified that retirement benefits are earned, even though some employees may retire early. He explained the lost value of retirees trained in highly specialized fields and who cannot work in the private sector.

Mr. Doug Diamond, Chief of Police, West Jordan, explained that the proposed legislation would be very beneficial for police departments to recruit and retain talented employees.

Mr. Maxwell Jackson, Chief of Police, Harrisville, explained that he has been in Utah law enforcement for over 30 years. He explained that teachers are having the same challenges as police, as far as recruiting and retaining employees. He shared examples relating to retaining employees.

Chair Cunningham informed the committee that he has a bill file open to address the years of service requirement and the retirement percentage.

Mr. Coy Porter, State Fire Marshall, Utah Department of Public Safety, explained the recruiting challenges he is currently facing and expressed his support for the 60-day employment separation for firefighters.

MOTION: Sen. Weiler moved to recommend draft legislation "Postretirement Employment Rural and Title I School Exceptions" (2016FL-0572-007), as amended, to the Retirement and Independent Entities Interim Committee at the November 10, 2015, meeting.

The working group discussed draft legislation "Postretirement Employment Restrictions," draft legislation "Postretirement Employment Exceptions," and draft legislation "Postretirement Reemployment Amendments."

MOTION: Sen. Mayne moved to recommend draft legislation "Postretirement Employment Restrictions" (2016FL-0402/005), draft legislation "Postretirement Employment Exceptions" (2016FL-0573/004), and draft legislation "Postretirement Reemployment Amendments" (2016FL-0605/006) to the Retirement and Independent Entities Interim Committee at the November 10, 2015, meeting. The motion passed with Sen. Weiler and Rep. Hutchings voting in opposition.

3. Other Working Group Business / Adjourn

MOTION: Rep. Powell moved to adjourn the meeting. The motion passed unanimously.

Chair Cunningham adjourned the meeting at 11:07 a.m.